

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 IGA-02 AGR-20 EB-11 L-03 COME-00 TRSE-00

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FM AMEMBASSY BANGKOK

TO AMEMBASSY PHNOM PENH

INFO SECSTATE WASHDC 9396

C O N F I D E N T I A L BANGKOK 0080

E.O. 11652: GDS

TAGS: EAID, CB, TH

SUBJ: RICE FROM BATTAMBANG

REF : PHNOM PENH 14539

1. ECON/CML COUNSELOR DISCUSSED "MODALITIES" WITH CHIEF OF FOREIGN
TRADE DEPARTMENT OF MINISTRY OF COMMERCE JANUARY 2. OFFICIAL STRESSED

HE COULD ONLY SPEAK ON PERSONAL BASIS IN VIEW OF RTG DECISION THAT
SUBJECT WAS "POLITICAL" IN NATURE AND CONSEQUENTLY COULD NOT BE
DECIDED BY ONE MINISTRY.

2. SUMMARY OF REMARKS AS FOLLOWS:

A. GOVERNMENT WILL BE EXTREMELY RELUCTANT TO MAKE COMMITMENT ON
EITHER OF TWO OPTIONS FOR MOVING RICE FROM BATTAMBANG AS LONG AS
THAI DOMESTIC RICE SITUATION CONTINUES TO BE MARKED BY CONSIDERABLE
UNCERTAINTY. GKR NEED WILL HAVE TO BE VERY GREAT. NORMALLY
DOMESTIC RICE PRICES DROP WHEN NEW RICE CROP MOVES IN VOLUME TO
MARKET, AS IS NOW UNDERWAY. HOWEVER, THIS YEAR PRICE HAS REMAINED
VERY FIRM AND GOVERNMENT NOT ENTIRELY CERTAIN OF CAUSE. RULE STILL
IN EFFECT THAT ONE TON OF RICE MUST BE SOLD TO GOVERNMENT BY RICE
DEALER AT FIXED PRICE FOR EACH TON EXPORTED AT FREE PRICE. AS RESULT
THIS SITUATION, ANY ARRANGEMENT THAT WOULD MOVE BATTAMBANG RICE TO
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THAILAND WOULD INFLUENCE MARKET. MOREOVER, OIL CRISIS WOULD ALSO

INTRODUCE THE FACTOR OF TRANSPORT USING SCARCE OIL SUPPLIES.

B. HOWEVER, OF TWO OPTIONS, THE DIRECT TRANSFER OF BATTAMBAND RICE VIA THAILAND TO PHNOM PENH WOULD CREATE FEWEST REPERCUSSIONS. SIMPLEST

WAY WOULD BE TO TAKE RICE ACROSS THAI BORDER TO SATTAHIP AND THERE TRANSFER TO APPROPRIATE SIZE SHIPS FOR TRANSPORT TO PHNOM PENH.

C. EVEN IF OPTION A, OF SWAPPING BATTAMBANG FOR THAI RICE, WERE FOLLOWED, BATTAMBAND RICE WOULD STILL HAVE TO BE MOVED TO BANGKOK FOR STORAGE AND EVENTUAL SALE. LITTLE OR NO TRANSPORT SAVINGS AS A RESULT.

D. *ARRANGEMENTS FOR TRANSPORT VERY PROBABLY* WOULD HAVE *TO BE MADE THROUGH GOVERNMENT AGENCY, BUT* NOT CERTAIN JUST HOW THIS WOULD BE DONE. SIMILARLY, PUBLIC WAREHOUSE ORGANIZATION MIGHT BE AGENCY FOR BUYING THAI RICE FOR EXPORT AND FOR BUYING BATTAMBAND RICE FOR IMPORT, SHOULD THIS OPTION BE FOLLOWED, BUT NOT AT ALL CERTAIN IT IS EQUIPPED TO PERFORM SUCH SERVICE.

3. COMMENT: TENTATIVE CONCLUSION FOR CURRENT PERIOD OF CONSIDERABLE MARKET UNCERTAINTY IS THAT RRTG WOULD MUCH PREFER NOT TO INVOLVE ITSELF IN ARRANGEMENTS FOR BATTAMBANG RICE. HOWEVER, BELIEVE THAT IF PRESSED HARD ENOUGH AND AGAINST BACKGROUND OF CONVINCING EMERGENCY NEED IN PHNOM PENH, IT WILL COOPERATE TO CARRY OUT RICE MOVEMENT. PROCESS LIKELY TO BE TIME CONSUMING IN ANY EVENT.
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